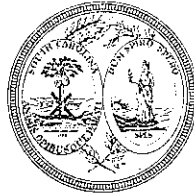


State of South Carolina

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Workers' Compensation Commission

August 28, 2008

Mr. Les Boles, Director
Office of the State Budget
South Carolina Budget & Control Board
1201 Main Street, Suite 870
Columbia, South Carolina 29201

Dear Mr. Boles:

Enclosed are ten (10) printed copies of the South Carolina Workers' Compensation Commission's FY 2009-2010 Budget Plan. The electronic files of this document have been emailed as directed by your office. The Commission is not requesting an increase in its budget nor is it requesting an increase in FTEs. The Commission is seeking no change in the provisos currently in Part 1B of the Appropriations Act.

Should the staff of the Budget Office have any questions, please feel free to contact me or Ms. Kristi M. Hornsby, the Commission's Director of Administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary R. Thibault".

Gary R. Thibault
Executive Director

GRT:t
(Enclosures - 10)

c: Andrea C. Roche, Chairman
Beth Quick, Budget Analyst
Kristi M. Hornsby

FISCAL YEAR 2009-10 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. **Agency Section/Code/Name:**

Section 58 / R08 / Workers' Compensation Commission

B. **Statewide Mission:**

To provide an equitable and timely system of benefits to injured workers and to employers in the most responsive, accurate and reliable manner possible.

C. **Summary Description of Strategic or Long-Term Goals:**

- (1) Optimize the timeliness and accuracy of benefits provided to injured workers by monitoring, in real time, the administration of all workers' compensation claims.
- (2) Complete the second phase of the new Progress 10 computer system. Phase one consisted of replacing the Commission's 15 year old computer system which housed the Commission's claims database and all agency records.
- (3) Create a document imaging management system to house all agency documents electronically.
- (4) Contain total medical costs while preserving worker access to quality medical care by revising the Medical Services Provider Manual.
- (5) Provide training to interested customers/stakeholders on workers' compensation processes.

(See 2006-2007 Accountability Report, Section I, page 3.)

D. **Agency Recurring Base Appropriation:**

State	\$3,538,532
Federal	\$0
Other	\$1,900,000

E. **Efficiency Measures:**

The Commission continues to expedite hearing request within 90 days which has reduced the wait for a hearing from four months to three months. Full Commission Appellate Reviews are also expedited within 90 days.

The Commission implemented a new payment system for health care facilities treating workers' compensation patients. Effective October 1, 2006, healthcare facilities are paid 140% of the federal Medicare payment for inpatient and outpatient services. The Commission's decision, taken in response to rapidly rising charges, saved employers and insurance carriers \$98 million this past year. To assist with the transition to the new payment system, the Commission established the capability to review and reprice all hospital inpatient and outpatient bills at no charge to the industry. This facilitated the transition to the new payment system at an earlier date than otherwise possible and provided essential and accurate charge and payment information.

The Commission further developed and improved its website which continues to provide up-to-date and extensive information on the workers' compensation system in our state.

Second year funding was received for a multi-year project to replace the Commission's aging computer system. Updated technology is critical to the Commission's function and will enable us to provide more services online and give us the capability to conduct meaningful analyses of the workers' compensation system's performance.

The Commission developed an intranet site that serves as an informational tool, educational resource and enhances customer service.

Through the processing of self-insurance tax returns and the Commission's audit process, \$5.8 million was collected in self-insurance taxes, an 18% increase over the last five years.

A process for resolving claims initially reported as uninsured was developed to minimize the waiting period while determining if an employer is subject to the Workers' Compensation Act. As a result, the waiting time for cases to be heard decreased from four months to three months.

(See 2006-2007 Accountability Report, Section I, page 2.)

F. **Number of Proviso Changes:**

0

G. Signature/Agency Contacts/Telephone Numbers:

Gary R. Thibault, Executive Director, 803.737.5744

Kristi M. Hornsby, Director of Administration, 803.737.5671

VI. ADDENDUM
ASSESSMENT OF ACTIVITIES

Agency Section/Code/Name: Section 58 / R08 / Workers' Compensation Commission

PRIORITY SUMMARY

TOP 5% PRIORITIES									
	Activity Name	Activity No.	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total	FTEs
1	Adjudication	1324	2,721,088				1,317,723	4,038,811	52.00
2								0	
For additional rows, place cursor in this gray box and press "Ctrl" + "a". (You must start in this gray box; otherwise, the programmed formatting will be altered.)									
	TOTAL HIGHEST:		2,721,088	0	0	0	1,317,723	4,038,811	52.00

BOTTOM PRIORITIES: 5% PLUS BUDGET REQUESTS DOLLAR AMOUNT									
	Activity Name	Activity No.	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total	FTEs
1	Administration	1323	817,444				582,277	1,399,721	13.00
2								0	
For additional rows, place cursor in this gray box and press "Ctrl" + "a". (You must start in this gray box; otherwise, the programmed formatting will be altered.)									
	TOTAL LOWEST:		817,444	0	0	0	582,277	1,399,721	13.00

VI. ADDENDUM ASSESSMENT OF ACTIVITIES

Agency Section/Code/Name: Section 58 / R08 / Workers' Compensation Commission

DETAILS FOR LOWEST PRIORITIES

Activity Name: Administration					Activity #: 1323	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs	9.00				4.00	13.00
Personal Service	474,631				133,602	608,233
Employer Contributions	123,404				34,737	158,141
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses	219,409				413,938	633,347
TOTAL LOWEST:	817,444	0	0	0	582,277	0

Reasoning for Lowest Priority Status:

The Workers' Compensation Commission has two activities: Administration and Adjudication. The Commission is a highly specialized, single purpose organization with a very specific mission: to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate and reliable manner possible. With only two activities, Administration has to be ranked after Adjudication, even though the agency could not operate without the various functions that comprise this activity.

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

The Commission could not operate without an administrative component. If this activity were deleted, the Commission's top priority, the adjudication of disputes and claims, either could not be performed or would have to be reduced to provide funding for administrative support.

Activity Name:					Activity #:	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs						0.00
Personal Service						0
Employer Contributions						0
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses						0
TOTAL LOWEST:	0	0	0	0	0	0

Reasoning for Lowest Priority Status:

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

VI. ADDENDUM
ASSESSMENT OF ACTIVITIES

Agency Section/Code/Name: Section 58 / R08 / Workers' Compensation Commission

For additional Low Priority Details, place cursor in this yellow box and press "Ctrl" + "p". (You must start in this yellow box; otherwise, the programmed formatting will be altered.)